

Message Text

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PAGE 01 SAN JO 00831 271653Z

72

ACTION ARA-10

INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-01

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FM AMEMBASSY SAN JOSE

TO SECSTATE WASHDC 9475

INFO AMEMBASSY GUATEMALA

AMEMBASSY MANAGUA

AMEMBASSY PANAMA

AMEMBASSY SAN SALVADOR

AMEMBASSY TEGUCIGALPA

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GUATEMALA ALSO FOR ROCAP

E.O. 11652: N/A

TAGS: ECON ELAB CS

SUBJECT: PRESS COVERAGE ON THE HIGH
LEVEL COMMITTEE MEETING

SUMMARY: THE PRIMARY TOPIC OF DISCUSSION AT THE CURRENT HLC MEETING THUS FAR HAS BEEN THE FREE MOVEMENT OF LABOR WITHIN THE REGION. IT APPEARS THAT A GENERAL CONSENSUS WILL BE REACHED WHICH ACCEPTS THE IDEA OF FREE MOVEMENT IN PRINCIPAL BUT SUBJECTING IT TO PRIOR CONDITIONS WHICH WILL BE DISCUSSED IN THIS MEETING IN A PRELIMINARY MANNER AND DEBATED IN SUBSEQUENT HLC MEETINGS. END SUMMARY.

1. AFTER A FORMAL OPENING SESSION ON FEBRUARY 24 AT WHICH ACTING PRESIDENT CARLOS MANUEL CASTILLO ADDRESSED THE GROUP, THE CURRENT MEETING OF THE HIGH LEVEL COMMISSION FOR THE LIMITED OFFICIAL USE

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PAGE 02 SAN JO 00831 271653Z

RESTRUCTURING OF THE CENTRAL AMERICAN COMMON MARKET (HLC)

GOT UNDERWAY ON THE AFTERNOON OF FEBRUARY 25. THE DELAY IN GETTING DOWN TO SERIOUS DISCUSSIONS WAS DUE TO THE LATE ARRIVAL OF THE NICARAGUAN HIGH LEVEL COMMISSIONER.

2. ACCORDING TO LOCAL PRESS ACCOUNTS, THE TOPIC OF THE FREE MOVEMENT OF LABOR WITHIN THE REGION DOMINATED YESTERDAY'S AFTERNOON SESSION. THE COSTA RICAN DELEGATION PRONOUNCED ITS AGREEMENT IN PRINCIPAL WITH THE IDEA OF FREE MOVEMENT BUT STATED THAT ITS ADVENT SHOULD BE GRADUAL AND BASED ON THE DEVELOPMENT OF A REGIONAL REAL MINIMUM WAGE, HARMONIZATION OR EQUALIZATION (EQUIPARACION) OF SOCIAL BENEFITS AND CHARGES, AND AN EFFICIENT SYSTEM OF INSPECTION. COSTA RICA WOULD ALSO LIKE TO SEE THIS POLICY TIED IN WITH CONCRETE DEVELOPMENTS IN THE INDUSTRIAL FIELD, SUCH AS THE DEVELOPMENT OF MULTINATIONAL REGIONAL FIRMS, BASIC INDUSTRIES, AND BORDER INDUSTRIES. BASICALLY, COSTA RICA INSISTS THAT THE FREE MOVEMENT OF LABOR BE INTIMATELY RELATED TO THE DEVELOPMENT OF REGIONAL POLICIES COVERING EMPLOYMENT AND WORKING CONDITIONS.

3. ON THE SAME TOPIC THE HONDURAN DELEGATION DESCRIBED THE POSITION OF THE HONDURAN WORKERS' CONFEDERATION WHICH SEEMS TO BE THAT GIVEN THE CURRENT SITUATION OF UNEQUAL WAGES AND SOCIAL BENEFITS IN THE CENTRAL AMERICAN COUNTRIES, IT WOULD BE UNREALISTIC TO INSIST ON THE FREE MOVEMENT OF LABOR WITHIN THE REGION AT THE PRESENT TIME. SUCH A POLICY COULD ONLY BENEFIT OVER-POPULATED COUNTRIES SUCH AS EL SALVADOR TO THE DETRIMENT OF OTHERS.

4. REPORTEDLY SEVERAL DELEGATIONS RAISED THE POINT THAT COSTA RICA DOES NOT NECESSARILY PROVIDE FOR THE HIGHEST LEVEL OF SOCIAL BENEFITS. IT WOULD APPEAR, HOWEVER, THAT COSTA RICA IS THE MOST EFFECTIVE COUNTRY IN THE REGION WHEN IT COMES TO ENFORCING ITS LABOR LEGISLATION.

5. ACCORDING TO THE PRESS ACCOUNTS, THE REPRESENTATIVES OF ALL FIVE COUNTRIES WERE IN GENERAL AGREEMENT THAT A REGIONAL POLICY COVERING THE FREE MOVEMENT OF LABOR SHOULD BE DEVELOPED BUT THAT IT SHOULD BECOME EFFECTIVE IN A GRADUAL AND PROGRESSIVE MANNER, BASED ON A SERIES OF STEPS WHICH WOULD BE SUBJECT TO PRIOR NEGOTIATION. ALL OF THE LIMITED OFFICIAL USE

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PAGE 03 SAN JO 00831 271653Z

DELEGATES SEEM TO HAVE AGREED THAT THE MATTERS RELATING TO SOCIAL POLICY UNDER DISCUSSION WERE OF SUCH A COMPLEX NATURE THAT THE CURRENT DELIBERATIONS SHOULD BE CONSIDERED TO BE PRELIMINARY AND AIMED ONLY AT SEEKING AREAS OF AGREEMENT RELATED TO THE POINTS COVERED BY THE AGENDA. SIECA WOULD BE CHARGED WITH PREPARING A REPORT ON THOSE POINTS WHERE A CONSENSUS WAS REACHED WHICH WOULD, IN TURN, BE FURTHER ANALYZED IN SUBSEQUENT HLC MEETINGS.

6. IN A SEPARATE PRESS CONFERENCE HELD ON THE MORNING OF FEBRUARY 25, COSTA RICAN COMMISSIONER SOLANO IS QUOTED AS EMPHASIZING THE UNEQUAL DISTRIBUTION OF WEALTH WITHIN THE REGION AND STATING THAT UP TO THE PRESENT, REGIONAL INTERGRATION HLT ONLY SERVED TO POLARIZE INCOME DISTRIBUTION RRATTERNS. REFERRING TO REGIONAL AGRICULTURAL POLICY, SOLANO IS QUOTED AS SAYIING THAT THE CURRENT DRAFT TREATY SPEAKS ONLY OF GREATER PRODUCTIVITY BUT NOT OF REDISTRIBUTION AND THAT THIS IS A POINT WHICH MUST BE TAKEN INTO ACCOUNT IF THE REGION IS TO CORRECT INJUSTICES IN THE DISTRIBUTION OF INCOME. IN OTHER REMARKS MADE DURING THE PRESS CONFERENCE, REPRESENTATIVES OFGUATEMALA, HONDURAS AND EL SALVADOR ARE REPORTED TO HAVE EMPHASIZED THAT THE FIRST STEP TOWARD THE FORMATION OF REGIONAL SOCIAL AND AGRICULTURAL POLICIES LEK IN THE HARMONIZATION OF NATIONAL LEGISLATION.

7. COMMENT. IF THE PRESS ACCOUNTS ARE CORRECT, IT WOULD APPEAR THAT EL SALVADOR IS NOT INSISTING ON A FIRM COMMITMENT OR FIXED TIMETABLE FOR IMPLEMENTING FREE MOBILITY OF LABOR. HOWEVER, THE TOPIC HAS APPARENTLY BEEN LEFT OPEN FOR FURTHER DISCUSSION AT FUTURE HLC MEETINGS, WHERE PRIOR CONDITIONS SOUGHT BY COSTA RICA, I.E. HARMONIZATION OF WAGES AND SOCIAL SECURITY CHARGES, WOULD BE DISCUSSED.
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